

# Kentucky Agricultural Development Board

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## *Minutes of the April Board Meeting*

The regular meeting of the Kentucky Agricultural Development Board was held on **April 29, 2004** at **1:00 p.m. EDT**, at the Franklin County Cooperative Extension Office. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

### **Members Present**

Donna Amburgey, H. Barlow, Vickie Yates Brown, Larry Clay, Rodney Dick, Commissioner Richie Farmer, Wayne Hunt, Sam Lawson, Sam Moore, Mike Slaughter, Dean M. Scott Smith, Smith Mitchell designee for Secretary Gene Strong

### **Members Absent**

Danny Case, Governor Ernie Fletcher, Eddie Sellers

### **Others Present**

**Staff** – David Bratcher, Laurie Dudgeon, Sandra Gardner, Bill Hearn, Kara Keeton, Brad Nelson, Joel Neaveill **Guests** – Belinda Neff, McDowell Farms Salsa; Carla and David McDowell, McDowell Farms Salsa; Michael Judge, KY Department of Agriculture (KDA); Sharon Burton, The Farmer's Pride; Conley H. Gregory, Lake Cumberland Milling (LCM); Danny Adams, LCM; Clinton Mullins, LCM; Denver McKinney, LCM; David Beskean, LCM; Estel Wood, LCM; Paul Dunnington, LCM; Curtis Harris, LCM; Heath Hoagland, KY Center for Cooperative Development; Brent Frazier, KDA; Steve Coleman, Division of Conservation; Kim Phelps, Legislative Research Commission (LRC); Lowell Atchley, LRC; Aleve Douglas, Community Farm Alliance (CFA); Samuel & Cheryl Houston, CFA; Terry Ammerman, Governor's Office

### **Notification of Media**

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board meeting.

### **Welcome**

Commissioner Farmer welcomed everyone.

Commissioner Farmer yielded the floor to Keith Rogers to introduce the newest Board members recently appointed by Governor Fletcher. Mr. Rogers introduced Donna Amburgey, Montgomery Co.; Rodney Dick, Pulaski Co.; and H. H. Barlow, Barren Co. Mr. Rogers shared a short bio on each new member and welcomed them to the Agricultural Development Board.

Commissioner Farmer welcomed each of the new Board members.

### **Approval of Minutes**

The minutes of the March 19, 2004 meeting were approved as presented.

## Executive Director's Report

Commissioner Farmer yielded the floor to Mr. Rogers for the Executive Director's report.

Mr. Rogers reviewed the Agricultural Development Fund financial information distributed at the meeting. *[A copy is on file with the Board Secretary.]*

Mr. Rogers reviewed the state-level investment summary for the last four fiscal years. Between the state pool, the market development pool, and the KCADE grant pool, the Board has \$19,697,933 cash on-hand to work with through April 2005.

Mr. Rogers reviewed a detailed breakout of the Agricultural Development Fund, including the commitments earmarked by the General Assembly. Additionally, a detailed list of state-level project commitments was reviewed, including amounts actually disbursed. Detailed lists of the market development pool and the KCADE grant pool were also reviewed.

Mr. Rogers reviewed the summary of all loans that the Agricultural Development Board has made. Mr. Rogers noted that West Kentucky Growers Cooperative's next payment is due tomorrow (4/30), and Bill McCloskey confirmed that their payment is in the mail.

Mr. Rogers reviewed the Budget Scenarios for 2005-2006 proposed budgets (Executive Branch, House, and Senate).

Mr. Rogers indicated that the financial summaries would be provided monthly, and the detailed financial sheets would be provided quarterly or as needed.

Wayne Hunt asked if the loan money repaid is returned to the Agricultural Development Fund. Mr. Rogers and Bill Hearn indicated that the loan proceeds go into an agency restricted account; however, without budget authority, those funds cannot be spent. Therefore, the utilization of these funds is dependent on the state budget.

Mr. Bratcher noted that staff is working on making sure that those with forgivable loans made have made their debt service, and if not then has payment been remitted. Mr. Rogers pointed out that a report on the forgivable loans may only be available annually, because most of those will be reporting on an annual basis.

Mr. Rogers pointed out a letter from GOAP to Belcan Partners and Belcan Partners' response. Mr. Rogers updated the Board on the outcome of the demonstration meeting for the farm management software being proposed.

Mr. Rogers briefed the Board on a meeting with Senator Virgil Moore, regarding slaughter facilities in Kentucky.

Mr. Rogers reviewed potential locations and events surrounding upcoming Board meetings: May 21 meeting at Kentucky History Center; June 18 meeting may be in Hopkinsville, before which there is a ribbon cutting on afternoon of June 17 at Commonwealth Agri-Energy; and for the July 16 meeting the Board has been invited to Owensboro where West Kentucky Growers Cooperative is having an Open House.

Mr. Rogers reviewed the KY Agricultural Finance Corporation (KAFC) brochure distributed to the Board. Mr. Rogers noted that staff of KAFC has been traveling to Farm Service Agency meetings across the state to share the word about the KAFC programs.

Mr. Rogers yielded the floor to David Bratcher to update the Board on the interest in the different programs.

Mr. Bratcher briefed the Board on how the programs were received at the FSA meetings. Mr. Bratcher also noted that there are not currently any applications before the KAFC Board, but anticipates several by the end of June.

Mr. Rogers asked guests to sign in at the front, so that there would be a record of attendance.

### **Referral of August Projects<sup>1</sup>**

Mr. Rogers presented projects A2002-0086 through A2002-0168 for referral to the Board's Project Review Committees. Wayne Hunt moved that projects A2002-0086 through A2002-0168 be referred the Board's Project Review Committees; Sam Moore seconded the motion. The motion passed without dissent.

### **Approval of Model Programs<sup>2</sup>**

Commissioner Farmer submitted projects A2004-0049, A2004-0059, A2004-0065, A2004-0089, A2004-0092, A2004-0106, A2004-0122, A2004-0123, A2004-0124, A2004-0136, A2004-0149, and A2004-0162 as projects meeting the model **Agricultural Diversification Program** guidelines.

Commissioner Farmer submitted projects A2004-0084, A2004-0088, A2004-0097, A2004-0098, A2004-0110, A2004-0121, A2004-0126, A2004-0130, A2004-0138, and A2004-0165 as projects meeting the model **Fencing Improvement Program** guidelines.

Mr. Rogers submitted projects A2003-0673, A2004-0035, A2004-0057, A2004-0061, A2004-0073, A2004-0095, A2004-0101, A2004-0107, A2004-0119, A2004-0125, A2004-0132, A2004-0137, A2004-0139, and A2004-0148 as projects meeting the model **Forage Improvement & Utilization Program** guidelines.

Mr. Rogers submitted projects A2004-0037, A2004-0066, A2004-0093, A2004-0099, A2004-0104, A2004-0115, A2004-0116, A2004-0134, and A2004-0150 as projects meeting the model **Genetics Improvement Program** guidelines.

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<sup>1</sup> A detailed list of the referred projects is attached as Appendix A.

<sup>2</sup> A detailed list of projects funded under each model program category is attached as Appendix B.

Mr. Rogers submitted projects A2004-0014, A2004-0040, A2004-0105, A2004-0129, and A2004-0157 as projects meeting the model **Goat Diversification Program** guidelines.

Mr. Rogers submitted projects A2004-0038, A2004-0063, A2004-0068, A2004-0074, A2004-0076, A2004-0094, A2004-0103, A2004-0108, A2004-0113, A2004-0118, A2004-0128, A2004-0131, A2004-0135, A2004-0152, and A2004-0164 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Mr. Rogers submitted projects A2004-0003, A2004-0039, A2004-0062, A2004-0071, A2004-0090, A2004-0096, A2004-0102, A2004-0111, A2004-0114, A2004-0120, A2004-0127, A2004-0133, A2004-0147, A2004-0151, and A2004-0163 as projects meeting the model **Hay, Straw & Commodity Storage Program** guidelines.

Mr. Rogers submitted projects A2004-0064, A2004-0109, and A2004-0117 as projects meeting the model **On-farm Water Enhancement Program** guidelines.

Dean Scott Smith moved the said applications be approved for the named model programs; Rodney Dick seconded the motion. The motion passed without dissent.

## Review of Amendments

Commissioner Farmer presented the following amendments for approval.

**A2004-0029, Mason County Ag. Advancement Council**, was approved for \$40,000.00 on March 19, 2004. The applicant requests an increase of project funds of \$35,000 for the Hay, Straw, and Commodity Storage Program to come from the April payment. This request received a high priority from the Mason County Council. The original agreement will be amended to reflect these additional funds. Approval of this request would bring this project's total to \$75,000.

**A2004-0023, Caldwell County Farm Bureau**, was approved for \$12,634.00 on March 19, 2004. The applicant requests an increase of project funds of \$12,633 for the Fencing Improvement Program to come from the April payment. This request received a high priority from the Caldwell County Council. The original agreement will be amended to reflect these additional funds. Approval of this request would bring this project's total to \$25,267.

**A2004-0025, Caldwell-Lyon Cattlemen's Association, Inc.**, was approved for \$12,634.00 on March 19, 2004. The applicant requests an increase of project funds of \$12,633 for the Cattle Genetics Improvement Program to come from the April payment. This request received a high priority from the Caldwell County Council. The original agreement will be amended to reflect these additional funds. Approval of this request would bring this project's total to \$25,267.

**A2004-0034, Lincoln County Farm Bureau**, was approved for \$21,000.00 on March 19, 2004. The applicant requests an increase of project funds of \$49,000 to come from the April payment. This request received a high priority from the Lincoln County Council. The original agreement will be amended to reflect these additional funds. Approval of this request would bring this project's total to \$70,000.

**A2003-0493, Lee County Conservation District**, was approved for \$15,000.00 on September 19, 2003. This duplicate was mistakenly sent forward for funding. These committed funds should be released to the County's account.

**A2001-0717, Wolfe County Conservation District**, was approved for \$25,000.00 on December 21, 2001. The applicant requests a decrease in funds of \$25,000 for the Goat Diversification Program. These funds are to be returned and reallocated to the Hay, Straw, and Commodity Storage Program (A2004-0046). Approval of this request would bring this project's funds to \$0.00.

**A2004-0046, Wolfe County Conservation District**, was approved for \$36,024.02 on March 19, 2004. The applicant requests an increase in funds of \$25,000 for the Hay, Straw, & Commodity Storage Program. These funds are to be reallocated from the Goat Diversification Program (A2001-0717). Approval of this request would bring this project's funds to \$61,024.02.

**A2001-0724, Buffalo Trace ADD (Lewis)**, was approved for \$50,000.00 on December 20, 2002. The applicant requested a decrease of project funds of \$20,000 for the Cattle Genetics Program. These funds are to be reallocated to the Handling Facilities Program (A2001-0723). Approval of this request brings project funds to \$50,000.

**A2001-0723, Buffalo Trace ADD (Lewis)**, was approved for \$52,500.00 on December 20, 2002. The applicant requested an increase of project funds of \$20,000 for the Handling Facilities Program. These funds are to be reallocated from the Cattle Genetics Program (A2001-0724). Approval of this request brings project funds to \$72,500.

**A2001-0641, Owen County Farm Bureau**, was approved for \$265,000.00 on November 30, 2001. The applicant requests a decrease in project funds of \$102,502.67 for the Forage Improvement Program to close out this project. These funds are to be returned and deposited in the County account. Approval of this request brings the project's total to \$162,497.33

**A2001-0743, Owen County Farm Bureau**, was approved for \$87,000.00 on December 21, 2001. The applicant requests a decrease in project funds of \$5,151.90 for the Agricultural Diversification Program to close out this project. These funds are to be returned and deposited in the County account. Approval of this request brings the project's total to \$81,848.10.

**A2001-0744, Owen County Farm Bureau**, was approved for \$106,000.00 on December 21, 2001. The applicant requests a decrease in project funds of \$21,804.08 for the Handling Facilities Program to close out this project. These funds are to be returned and deposited in the County account. Approval of this request brings the project's total to \$84,195.92.<sup>3</sup>

**A2002-0502, Owen County Farm Bureau**, was approved for \$100,000.00 on September 20, 2002. The applicant requests a decrease in project funds of

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<sup>3</sup> There was a clerical error in the information presented at the April meeting, which showed an incorrect total (\$84,915.92) for the project.

\$100,000 for the Handling Facilities Program to close out this project. These funds are to be returned and deposited in the County account. Approval of this request brings the project's total to \$0.00.

**A2001-0822, Owen County Farm Bureau**, was approved for \$28,000.00 on January 18, 2002. The applicant requests an increase in project funds of \$1,299.46 for Goat Diversification to reconcile this project. These funds are to be reallocated from the funds being returned from other programs. Approval of this request would bring project funds to \$29,299.46.

**A2002-0503, Owen County Farm Bureau**, was approved for \$20,000.00 on September 20, 2002. The applicant requests a decrease in project funds of \$10,607.75 for Genetics Improvement to close out this project. These funds are to be returned and deposited into the County account. Approval of this request would bring project funds to \$9,392.25

**A2002-0539, Owen County Farm Bureau**, was approved for \$6,000.00 on October 18, 2002. The applicant requests a decrease in project funds of \$1,400.00 for Shared-use Forage Equipment, since the equipment came in under budget. These funds are to be returned and deposited into the County account. Approval of this request would bring project funds to \$4,600.00

**A2002-0540, Owen County Farm Bureau**, was approved for \$297,550.00 on October 18, 2002. The applicant requests a decrease in project funds of \$57,550 for Handling Facilities to close out this project. These funds are to be returned and deposited into the County account. Approval of this request would bring project funds to \$240,000.00

**A2003-0080, Owen County Farm Bureau**, was approved for \$265,000.00 on June 20, 2003. The applicant requests an increase in project funds of \$80,000 for Hay, Straw, and Commodity Storage. These funds are to be reallocated from the funds being returned from other programs. Approval of this request brings the project's total to \$345,000.00

**A2003-0198, Owen County Farm Bureau**, was approved for \$14,900.00 on May 16, 2003. The applicant requests a decrease in project funds of \$900 for the Shared-Use Forage Equipment, since it came in under budget. These funds are to be returned and deposited into the County account. Approval of this request brings the project's total to \$14,000.00

Mr. Moore moved that said amendments be approved; Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Rogers reviewed a memo from legal counsel, Laurie Dudgeon, regarding S. S. Enterprises. At the time of approval, it was believed that the Board would hold a second lien position on the real estate, but is actually in a third position. The recommendation is to accept the third position; Mr. Rogers indicated that staff is comfortable with taking a third position.

Sam Lawson moved to accept the third lien position for the S. S. Enterprises project; Larry Clay seconded the motion. The motion passed without dissent.

## Committee Reports

### Blue Project Review Committee

Smith Mitchell reported for the Blue Project Review Committee (PRC). Mr. Mitchell noted that the Blue PRC is presenting 7 projects for funding consideration.

Mr. Mitchell presented **A2003-0536, Lake Cumberland Milling LLC**. The project received a high priority from Cumberland, Clinton, Pulaski, Russell, and Wayne Counties. The applicant, Lake Cumberland Milling LLC (LCM), requests \$75,000 in County (\$20,000 each from Pulaski, Russell, and Wayne Counties; \$10,000 from Clinton and \$5,000 from Cumberland) and \$1,100,000 in state Agricultural Development Funds to purchase Wayne County Feed & Supply, an existing milling plant. Wayne County Feed currently purchases, stores, trucks, and resells grain for local producers. LCM will continue the current operations of the feed mill and renovate the facility to include soybean extrusion equipment. Agricultural Development Funds would be used to construct the soybean extruders, including site preparation, building renovation, equipment purchase and installation.

The addition of a soybean extrusion mill, designed to produce 7,000 tons of soybean meal, 700 tons of soy hulls, and just under 2.0 million pounds of soy oil, will create a market for 277,000 bushels of soybeans for area farmers. Additionally, the availability of soybean meal in the area will save local livestock producers the transportation costs currently assessed on purchased feed.

LCM will provide at least \$.25 per bushel premium above an average USDA daily market price to Kentucky soybean producers. Due to its location, LCM will also save local producers \$.10 to \$.40 cents per ton in transportation costs. Additionally, the LCM will provide match in the form of \$200,000 in owners' capital and \$875,000 in SBA-guaranteed loan funds. The owners' capital and loan funds will be used to purchase the existing business, pay for building renovation and repair, and supply operating funds.

This project will impact 1,000 producers in the first year and will have the capability of impacting 3,173 grain, livestock, and dairy producers in subsequent years.

Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that A2003-0536, Lake Cumberland Milling LLC, be approved for \$1,175,000 in state and county Agricultural Development Funds; Rodney Dick seconded the motion.

Mr. Moore asked if the SBA loan has been locked down. Mr. Bratcher indicated that LCM may not go to a SBA loan. Mr. Bratcher also indicated that they had met with the applicant at the bank; the equity referenced in the application is in escrow at the bank. LCM might be able to do this without the guarantee.

Mr. Lawson asked if this is being proposed as a 0% loan. Mr. Rogers indicated that was correct. Mr. Lawson asked, if all goes according to plan, what is the prediction of the amount of the balloon payment. Mr. Rogers

and Maggie May, Project Analyst, indicated that the balloon should not be a large amount, possibly \$47,000. Mr. Rogers reviewed the payment scale: the first year based on a projected 150,000 bushels purchase from Kentucky producers, second 200,000 bushels, and 250,000 bushels for the rest of the years.

Mr. Bratcher indicated that Dr. Steve Riggins, University of Kentucky Extension Specialist in grains, thought LCM's price would gradually move closer to Owensboro Grain's prices as they progress.

Mr. Rogers noted that if LCM is unable to obtain enough credit to forgive a given year's debt, then LCM will have to pay the balance in cash. Mr. Rogers also added that if LCM obtain more credit than needed for a given year, then that amount will be carried forward to subsequent years.

H. Barlow asked if the 250,000 bushels referenced for forgiveness is maximum capacity. Mr. Bratcher deferred to the LCM producers. Henry Stringer, LCM Manager, indicated that 250,000 is maximum capacity for the facility.

Mr. Slaughter asked if the premium is only for Kentucky producers. Mr. Rogers stated that the premium is only for Kentucky producers.

Mr. Rogers reviewed how the "premium" to producers would work.

Mr. Bratcher commented on the history of the project.

Commissioner Farmer called the question. The motion passed without dissent.

Mr. Mitchell presented **A2003-0615, Bath County Agricultural Extension Foundation, Inc.** The project received a high priority from Montgomery County. The applicant requests \$10,000 of Montgomery County Agricultural Development Funds for the Bath County Agriculture Education & Marketing Center (P2003-0016). The Education and Marketing Center has been approved for \$1.5 million in state and county funds to date. This is a county contribution to the project and maintains the same terms and conditions of the original project.

Mr. Mitchell moved that A2003-0615, Bath County Agricultural Extension Foundation, Inc., be approved for \$10,000 in Montgomery County Funds; Mr. Clay seconded the motion. The motion passed without dissent.

Mr. Mitchell presented **A2003-0629, Cumberland Farm Products Association, Inc.** The project received a high priority from Wayne County. The applicant requests \$15,000 in 2004 Wayne County funds, as a county contribution to the state project that was approved at the December 2003 Board Meeting. These funds would contribute to the purchase of plastic bins to replace outdated wooden bins, repair a cooler at the Monticello facility and cover operating expenses for the period of November 2003 through June 2004 when Cumberland Farm Products does not have income. This project will maintain the same terms and conditions of the original project.



Mr. Mitchell moved that 2003-0629, Cumberland Farm Products Association, Inc., be approved for \$15,000 in Wayne County Funds; Mr. Slaughter seconded the motion. The motion passed without dissent.

Mr. Mitchell presented **A2004-0042, Lincoln County Farm Bureau Federation**. The application received a high priority from Lincoln County. The applicant requests \$10,000 of Lincoln County funds to administer a cost-share program for youth in Lincoln County to purchase livestock. The program is for Lincoln County youth ages 9-15 with a maximum 50-50 cost share at the following rates. \$500 maximum for cattle, \$100 maximum for sheep and goats.

Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that A2004-0042, Lincoln County Farm Bureau Federation, be approved for \$10,000 of Lincoln County funds; Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Mitchell presented **A2004-0067, McDowell Farms Salsa, LLC**. The project received a high priority from Bracken, Lewis, Mason, and Robertson Counties. The applicant requests \$46,000 in state and \$10,000 in county (\$2,500 each from Bracken, Lewis, Mason, and Robertson Counties) funds for expansion of a farm-based salsa production operation to a farm-based commercial kitchen. Agricultural Development Funds would be used to purchase processing equipment and assist with construction costs for the commercial kitchen. McDowell Farms Salsa was the first home-based microprocessor in Kentucky certified under HB 391 (2003), and have been recently certified for commercial processing.

In addition to their salsa line, McDowell Farms Salsa will produce chow chow and pepper jelly in 2004. McDowell Farms Salsa will purchase Kentucky grown produce through the Buffalo Trace Produce Auction. McDowell Farms Salsa plans to provide tours of the facility and demonstrations on food preservation procedures and process to area 4-H and FFA groups. In the near future, McDowell Farms Salsa will also make their commercial kitchen available to area entrepreneurs for commercial canning of their products on a rental basis.

This request will be set up as a forgivable loan with payments based on a 10 year amortization period with annual debt servicing being \$5,600 of Kentucky produce purchased.

Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that A2004-0067, McDowell Farms Salsa LLC, be approved for \$56,000 in state and county Agricultural Development Funds; Mr. Slaughter seconded the motion.

Commissioner Farmer indicated the presence of the applicant

The motion passed without dissent.

Mr. Mitchell presented **A2004-0077, Johnson County Agricultural Advancement Council**. The project received a high priority from Johnson County. The applicant requests \$10,500 in Johnson County funds to purchase a lime spreader that will be rented to farmers for applying lime on steeper fields, improving the productivity of

the County's farmland. The specific implement, designed for use on steep ground, can operate behind a small tractor and will be equipped with brakes designed to hold the unit back when descending hills.

The applicant estimates that approximately 42 farm families per year could benefit from this program.

Mr. Mitchell reviewed the proposed terms and conditions for this project. Mr. Mitchell moved that A2004-0077, Johnson County Agricultural Advancement Council, be approved for \$10,500 in Johnson County funds; Donna Amburgey seconded the motion. The motion passed without dissent.

Mr. Mitchell presented **A2004-0083, Mason County Agricultural Advancement Council.**

The project received a high priority from Mason County. The applicant requests \$50,000 in Mason County Agricultural Development Funds to administer the Hay Handling Program, as an extension of the Lewis County pilot project. The applicant states that the adoption of a hay handling equipment program will allow producers to manage handling problems, whether the hay is used on farms or sold as cash-hay.

Mason County is one of the five Buffalo Trace Counties participating in the Buffalo Trace Hay Auctions, a marketing tool for farmers to diversify and improve farm income. The applicant indicates that there is a need for improved handling equipment for labor efficiency, and to improve safety as hay is moved to market.

Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that A2004-0083, Mason County Agricultural Advancement Council, be approved for \$50,000 in Mason County funds; Mr. Slaughter seconded the motion. The motion passed without dissent.

#### Red Project Review Committee

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting 4 projects for funding consideration.

Mr. Lawson noted that **A2003-0597, Boone's Abattoir** was moved to pending in Committee due to a fire at the facility. The applicant needs to work with insurance company and staff before a recommendation can be made.

No action necessary.

Mr. Lawson presented **A2004-0052, Mountain Cattleman Association.** The project received a high priority from Perry County. The applicant requests \$1,000 in Perry County Agricultural Development Funds to provide NxLevel Entrepreneurship training classes to Perry County producers. The project will assist people who are interested in starting a new agricultural business or assist small agri-business owners who want to become more knowledgeable about running a business. The producers participating in the class will write a business plan that can be used to gain access to capital for starting the business venture. The ADB funds will be used

to pay for printed materials and other expenses related to conducting the 10-week program.

The principles in the project are the Perry County Extension Service, The Perry County JobSight/LKLP Community Action Council, and local KCTCS officials. 25 farm families are expected to benefit from the program; priority will be given to producers who are involved in tobacco production or dependent on tobacco. The objective of the project is to have the participants create a feasible business plan that can be presented to the bank to obtain financing for a project or business.

Mr. Lawson reviewed the proposed terms and conditions for the project. Mr. Lawson moved that A2004-0052, Mountain Cattleman Association be approved for \$1,000 in Perry County funds; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0079, Agriculture Marketing Institute, Inc.** The applicant requests \$22,700 in Kentucky Center for Agricultural Development & Entrepreneurship (KCADE) funds to assist in the feasibility study to explore the opportunities, challenges, risks and value associated with the construction and operation of an ethanol facility in the Meade County area. AMI has broken down their research approach into three studies that include environmental, construction and financial. KCADE funds will be used exclusively to fund the financial feasibility of the proposal which will be completed by CoBank Business Advisory Service at a total cost of \$45,400 plus expenses. AMI has contracted with ICM, Inc. to provide pre-construction planning, equipment and plant design services. It is important to note that ICM, Inc. assisted in the development of the Hopkinsville ethanol plant that is currently in production. Malcolm Pirnie, Inc. will analyze the environmental issues associated with building an ethanol plant.

KCADE funds are being requested for this project because it falls within the KCADE objective of providing grants to develop new products or alternative uses for existing agricultural commodities. KCADE funds will be used to support the financial analysis of the research.

AMI is set up as a cooperative business structure with a Board of Directors and steering committee that includes local farmers and professionals. If this proposal goes beyond the feasibility study phase the Board of Directors will be expanded to include a representative of counties that commit Agricultural Development Funds towards the project.

Mr. Lawson briefed the Board on the discussion between the Committee and the applicant. Mr. Lawson reviewed the proposed terms and conditions. Mr. Lawson moved that A2004-0079, Agriculture Marketing Institute, Inc., be approved for \$22,700 in KCADE funds; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0085, Marion County Fair, Inc.** The application received a high priority from Marion County. The applicants requests \$30,000 in Marion County Agricultural Development Funds to make improvements to the Marion County Multi-Purpose Agricultural Center that was funded in 2002 for \$125,000 in Marion County Agricultural Development Funds. The Marion County Multi-Purpose

Agricultural Center has complimented and enhanced sales, shows, group sales of cattle, goats, horses and 4-H, FFA and other youth programs.

Mr. Lawson reviewed the proposed terms and conditions for the project. Mr. Lawson moved that A2004-0085, Marion County Fair, Inc., be approved for \$30,000 in Marion County funds; Mr. Barlow seconded the motion. The motion passed without dissent.

## Recommendations for No-Funding

Mr. Mitchell reported on projects recommended for “no funding” by the Blue Committee.

**A2002-0167, Partners for Family Farms:** Mr. Bratcher provided additional information about the No Funding recommendation, based on the Mobile Processing Unit study. Mr. Mitchell moved that no funding be awarded A2002-0167, Partners for Family Farms; Mr. Barlow seconded the motion. The motion passed without dissent.

**A2004-0041, Cumberland Farm Products Association, Inc.:** recommended for no funding based on the low county priority given by the Lincoln County Agricultural Development Council. Mr. Mitchell moved that no funding be awarded A2004-0041, Cumberland Farm Products Association, Inc. Mr. Moore seconded the motion. The motion passed without dissent.

**A2004-0058, Muhlenberg County Fair Board:** recommended for no funding based on the low county priority given by the Muhlenberg County Agricultural Development Council. Mr. Mitchell moved that no funding be awarded A2004-0058, Muhlenberg County Fair Board; Mr. Slaughter seconded the motion. The motion passed without dissent.

**A2004-0060, Madison Southern High School:** recommended for no funding based on the low county priority given by the Madison County Agricultural Development Council. Mr. Mitchell moved that no funding be awarded A2004-0060, Madison Southern High School; Mr. Dick seconded the motion. The motion passed without dissent.

**A2004-0078, Wildside Vines Winery:** recommended for no funding based on the fact that the applicant has no license to sell wine. Mr. Mitchell moved that no funding be awarded A2004-0078, Wildside Vines Winery; Ms. Amburgey seconded the motion. The motion passed without dissent.

Mr. Lawson reported on projects recommended for “no funding” by the Red Committee.

**A2004-0053, Spencer County Public Schools:** the applicant has withdrawn this application. No action necessary.

**A2004-0082, Barren River Regional Livestock Center, LLC:** recommended for no funding based on the Board’s policy not to invest state funds directly into commercial stockyards, noting that Agricultural Development Funds are available

through the Kentucky Beef Network for technology to implement animal identification and source verification programs. The Committee recommended that staff contact the applicant to discuss other funding sources that may be available for their project. Mr. Lawson moved that no funding be awarded to A2004-0082, Barren River Regional Livestock Center, LLC; Mr. Barlow seconded the motion. The motion passed without dissent.

Ms. Brown asked about the Agriculture Marketing Institute grant and if there is a possibility that the study could show another location is more suitable, if Meade County is not the appropriate location. Mr. Hunt stated that it is an environmental study, which is specific to that location. Ms. Brown asked if any general concepts that could be gleaned from the study. Mr. Hunt indicated that there are already general concepts studies which have probably already been accessed, but not specific to that area. Mr. Lawson noted that there were lots of questions in the Committee related to location, members, business structure, etc. Ms. Brown indicated that she is looking for more statewide applicability. Mr. Hunt and Mr. Lawson commented on the location and project specifics.

## Old Business

## New Business

Commissioner Farmer yielded the floor to Mr. Rogers for the presentation of the recommendation for the **Purchase of Agricultural Conservation Easements (PACE)** project.

Mr. Rogers provided background from the March meeting and the recommendation of the program. Mr. Rogers pointed out why the project under new business and is out of sequence.

Mr. Rogers stated that the staff recommendation for this proposal is no funding. Mr. Rogers explained the reasons why, mainly that the Board is currently covering the original bond issue for farmland preservation, which provided funding to both PACE and Fayette County Purchase of Development Rights. Mr. Rogers noted that another factor of urgency that was posed to the Board was the potential loss of federal funding; however, Mr. Rogers and others have learned that other organizations, Fayette County PDR and the Nature Conservancy, are in position to utilize all of the USDA funding.

Mr. Rogers briefed the Board on a meeting between PACE leaders and the Governor. The Governor has offered to set up a working group made up of ADB members, PACE members, and other appropriate state agencies to look at the purchase of agriculture easements issue across the board: look at what other states do, other funding streams, scoring used by PACE, etc.

Mr. Rogers also noted that this application shows insignificant impact on statewide net farm income, as two out of the four farms presented in the application are active farms and only two have tobacco dependency.

Mr. Rogers also pointed out that at last Wednesday's PACE Board meeting their request was lowered from \$2.3 million to \$600,000.

Mr. Lawson moved that no funding be awarded to A2004-0166, Purchase of Agricultural Conservation Easement Corp. with the establishment of a working group to look at the farmland preservation issue; Mr. Hunt seconded the motion.

Ms. Brown clarified that PDR affects Fayette County only, and asked what area the Nature Conservancy covers. Mr. Rogers indicated that the Nature Conservancy has a specific area (upper Salt River) on which they focus. Mr. Rogers explained how PDR handles their program.

The motion passed without dissent.

### **Closing Remarks**

Mr. Slaughter moved that a resolution be passed recognizing the terms of service for Willa H. Poynter, Sidney Stewart, and Susan G. Harkins with a letter from Keith Rogers being sent to each; Mr. Moore seconded the motion. The motion passed without dissent.

The next meeting of the Kentucky Agricultural Development Board will convene at 1:00 p.m. on Friday, May 21, 2004 at Kentucky History Center. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 2:25 p.m.

**APPROVED:** \_\_\_\_\_

**PRESIDING OFFICER:** \_\_\_\_\_

**SECRETARY:** \_\_\_\_\_

**APPENDIX A: New Applications for Referral**

<b><i>Appl #</i></b>	<b><i>Project Name</i></b>	<b><i>Project Type</i></b>
A2004-0086	DUPLICATE	Project
A2004-0087	Pendleton County Board of Education	Project
A2004-0088	Woodford County Beef Cattle Association	Fencing Improvement
A2004-0089	Breathitt County Conservation District	Agricultural Diversification
A2004-0090	Breathitt County Conservation District	Hay, Straw and Commodity Storage
A2004-0091	Henry County Chamber of Commerce	Project
A2004-0092	Henry County Agriculture Diversification Association, Inc	Agricultural Diversification
A2004-0093	Henry County Cattleman's Association	Genetics Improvement
A2004-0094	Henry County Cattleman's Association	Handling Facilities
A2004-0095	Henry County Cattleman's Association	Forage Improvement
A2004-0096	Henry County Cattleman's Association	Hay, Straw and Commodity Storage
A2004-0097	Henry County Cattleman's Association	Fencing Improvement
A2004-0098	Boyle County Farm Bureau Federation	Fencing Improvement
A2004-0099	South-Eastern Kentucky Agriculture Development Association, Inc. and Clinton Co. Cattlemen's Association, Inc.	Genetics Improvement
A2004-0100	Christian County Agricultural Development Council	Project
A2004-0101	Barren County Conservation District	Forage Improvement
A2004-0102	Pendleton County Farm Bureau	Hay, Straw and Commodity Storage
A2004-0103	Pendleton County Farm Bureau	Handling Facilities
A2004-0104	Carroll County Agriculture Development Fund	Genetics Improvement
A2004-0105	Carroll County Agriculture Development Fund	Goat Diversification
A2004-0106	Carroll County Agriculture Development Fund	Agricultural Diversification
A2004-0107	Carroll County Agriculture Development Fund	Forage Improvement
A2004-0108	Carroll County Agriculture Development Fund	Handling Facilities
A2004-0109	Carroll County Agriculture Development Fund	On-farm Water Enhancement
A2004-0110	Carroll County Agriculture Development Fund	Fencing Improvement

**(APPENIDX A cont.)**

<b><i>Appl #</i></b>	<b><i>Project Name</i></b>	<b><i>Project Type</i></b>
A2004-0111	Carroll County Agriculture Development Fund	Hay, Straw and Commodity Storage
A2004-0112	Hancock County Conservation District	Project
A2004-0113	Laurel County Cattleman's Association	Handling Facilities
A2004-0114	Laurel County Cattleman's Association	Hay, Straw and Commodity Storage
A2004-0115	Laurel County Cattleman's Association	Genetics Improvement
A2004-0116	Trimble County Cattlemen's Association	Genetics Improvement
A2004-0117	Trimble County Cattlemen's Association	On-farm Water Enhancement
A2004-0118	Trimble County Cattlemen's Association	Handling Facilities
A2004-0119	Trimble County Cattlemen's Association	Forage Improvement
A2004-0120	Trimble County Cattlemen's Association	Hay, Straw and Commodity Storage
A2004-0121	Trimble County Cattlemen's Association	Fencing Improvement
A2004-0122	The Family Farm Project Cooperative Association	Agricultural Diversification
A2004-0123	Green River Area Development District, Inc.	Agricultural Diversification
A2004-0124	The Family Farm Project Cooperative Association	Agricultural Diversification
A2004-0125	Oldham County Farm Bureau Federation	Forage Improvement
A2004-0126	Oldham County Farm Bureau Federation	Fencing Improvement
A2004-0127	Oldham County Farm Bureau Federation	Hay, Straw and Commodity Storage
A2004-0128	Oldham County Farm Bureau Federation	Handling Facilities
A2004-0129	Shelby County Cattleman's Association	Goat Diversification
A2004-0130	Bath County Cattlemen's Association	Fencing Improvement
A2004-0131	Owen County Farm Bureau	Handling Facilities
A2004-0132	Owen County Farm Bureau	Forage Improvement
A2004-0133	Franklin County Cattlemen's Association	Hay, Straw and Commodity Storage
A2004-0134	Franklin County Cattlemen's Association	Genetics Improvement



**(APPENIDX A cont.)**

<b><i>Appl #</i></b>	<b><i>Project Name</i></b>	<b><i>Project Type</i></b>
A2004-0135	Franklin County Cattlemen's Association	Handling Facilities
A2004-0136	Franklin County Cattlemen's Association	Agricultural Diversification
A2004-0137	Franklin County Conservation District	Forage Improvement
A2004-0138	Franklin County Cattlemen's Association	Fencing Improvement
A2004-0139	Mercer County Conservation District	Forage Improvement
A2004-0140	Jessamine County Beef Cattle Association (WITHDRAWN)	Hay, Straw and Commodity Storage
A2004-0141	Jessamine County FFA Alumni Association	Project
A2004-0142	Jessamine County FFA Alumni Association	Project
A2004-0143	Franklin County Fair Board	Project
A2004-0144	Test application	Handling Facilities
A2004-0145	DUPLICATE	
A2004-0146	Robertson County Farm Bureau	Handling Facilities
A2004-0147	Anderson County Farm Bureau	Hay, Straw and Commodity Storage
A2004-0148	Anderson County Farm Bureau Federation	Forage Improvement
A2004-0149	Anderson County Farm Bureau Federation	Agricultural Diversification
A2004-0150	Anderson County Cattlemen's Association	Genetics Improvement
A2004-0151	Larue County Farm Bureau	Hay, Straw and Commodity Storage
A2004-0152	Larue County Beef Cattle Association	Handling Facilities
A2004-0153	Green River Area Development District, Inc.	Agricultural Diversification
A2004-0154	Green River Area Development District	Goat Diversification
A2004-0155	Green River Area Beef Improvement Group, Inc.	Forage Improvement
A2004-0156	Green River Area Beef Improvement Group, Inc.	Project
A2004-0157	Bullitt County Goat Producers Association	Goat Diversification
A2004-0158	The Beef Connection, LLC	Project
A2004-0159	McLean County Cattlemen and Forage Association, Inc.	Handling Facilities
A2004-0160	McLean County Board of Education	Project

**(APPENIDX A cont.)**

<b><i>Appl #</i></b>	<b><i>Project Name</i></b>	<b><i>Project Type</i></b>
A2004-0161	Fleming County Cattleman's Association	Genetics Improvement
A2004-0162	Garrard County Farm Bureau	Agricultural Diversification
A2004-0163	Garrard County Farm Bureau	Hay, Straw and Commodity Storage
A2004-0164	Garrard County Farm Bureau	Handling Facilities
A2004-0165	Garrard County Farm Bureau	Fencing Improvement
A2004-0166	Purchase of Agricultural Conservation Easement Corp (PACE)	Project
A2004-0167	Siemer Milling Company	Project
A2004-0168	AgroVenture Partners, LLC	Project

## ***APPENDIX B: Model Program Lists***

### ***Agricultural Diversification***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>	<b><i>Funds</i></b>
A2004-0149	Anderson County Farm Bureau Federation	Anderson	\$8,125.00
A2004-0089	Breathitt County Conservation District	Breathitt	\$60,900.00
A2004-0106	Carroll County Agriculture Development Fund	Carroll	\$19,761.58
A2004-0123	Green River Area Development District, Inc.	Daviess	\$9,501.69
A2004-0136	Franklin County Cattlemen's Association	Franklin	\$5,000.00
A2004-0162	Garrard County Farm Bureau	Garrard	\$35,000.00
A2004-0092	Henry County Agriculture Diversification Association, Inc	Henry	\$136,500.00
A2004-0065	Madison County Farm Bureau Federation	Madison	\$24,738.00
A2004-0049	Magoffin County Cattle Association	Magoffin	\$3,000.00
A2004-0124	The Family Farm Project Cooperative Association	Oldham	\$9,388.00
A2004-0122	The Family Farm Project Cooperative Association	Trimble	\$61,510.00
A2004-0059	Washington County Shiitake Mushroom Growers Association, Inc	Washington	\$21,000.00
<b>Sub Tota</b>			<b>\$394,424.27</b>

***Fencing Improvement***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>	<b><i>Funds</i></b>
A2004-0130	Bath County Cattlemen's Association	Bath	\$102,500.00
A2004-0098	Boyle County Farm Bureau Federation	Boyle	\$60,000.00
A2004-0110	Carroll County Agriculture Development Fund	Carroll	\$66,000.00
A2004-0138	Franklin County Cattlemen's Association	Franklin	\$25,000.00
A2004-0165	Garrard County Farm Bureau	Garrard	\$105,000.00
A2004-0097	Henry County Cattleman's Association	Henry	\$49,310.00
A2004-0084	Mason County Boundary Fence Cost Share Program	Mason	\$150,000.00
A2004-0126	Oldham County Farm Bureau Federation	Oldham	\$8,167.00
A2004-0121	Trimble County Cattlemen's Association	Trimble	\$50,000.00
A2004-0088	Woodford County Beef Cattle Association	Woodford	\$76,000.00
		<b>Sub Total</b>	<b>\$691,977.00</b>

***Forage Improvement***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>	<b><i>Funds</i></b>
A2004-0148	Anderson County Farm Bureau Federation	Anderson	\$8,125.00
A2004-0101	Barren County Conservation District	Barren	\$361,484.00
A2004-0107	Carroll County Agriculture Development Fund	Carroll	\$99,104.78
A2004-0073	Green River Area Beef Improvement Group, Inc.	Daviess	\$20,000.00
A2004-0137	Franklin County Conservation District	Franklin	\$52,500.00
A2003-0673	Task, Inc	Harrison	\$4,311.00
A2004-0095	Henry County Cattleman's Association	Henry	\$22,059.00
A2004-0035	Lincoln County Farm Bureau	Lincoln	\$35,000.00
A2004-0061	Madison County Conservation District	Madison	\$97,650.00
A2004-0139	Mercer County Conservation District	Mercer	\$3,200.00
A2004-0057	Muhlenberg County Cattleman's Association	Muhlenberg	\$43,223.63
A2004-0125	Oldham County Farm Bureau Federation	Oldham	\$4,084.00
A2004-0132	Owen County Farm Bureau	Owen	\$67,860.00
A2004-0119	Trimble County Cattlemen's Association	Trimble	\$33,000.00
<b>Sub Total</b>			<b>\$851,601.41</b>

**Genetics Improvement**

<b>App #</b>	<b>Project Name</b>	<b>County</b>	<b>Funds</b>
A2004-0150	Anderson County Cattlemen's Association	Anderson	\$31,250.00
A2004-0104	Carroll County Agriculture Development Fund	Carroll	\$22,950.99
A2004-0099	South-Eastern Kentucky Agriculture Development Association, Inc. and Clinton Co. Cattlemen's Association, Inc.	Clinton	\$15,000.00
A2004-0134	Franklin County Cattlemen's Association	Franklin	\$10,000.00
A2004-0093	Henry County Cattleman's Association	Henry	\$47,896.00
A2004-0115	Laurel County Calltman's Association	Laurel	\$24,000.00
A2004-0037	Lincoln County Livestock Improvement Association	Lincoln	\$50,000.00
A2004-0066	Madison County Beef Cattle Association	Madison	\$45,570.00
A2004-0116	Trimble County Cattlemen's Association	Trimble	\$22,000.00
<b>Sub Total</b>			<b>\$268,666.99</b>

***Goat Diversification***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>	<b><i>Funds</i></b>
A2004-0157	Bullitt County Goat Producers Association	Bullitt	\$25,000.00
A2004-0105	Carroll County Agriculture Development Fund	Carroll	\$16,795.87
A2004-0040	Lincoln County Goat Producers	Lincoln	\$20,000.00
A2004-0129	Shelby County Cattleman's Association	Shelby	\$15,750.00
A2004-0014	Central Kentucky Meat Goat Producers Association, Inc.	Washington	\$14,000.00
		<b>Sub Total</b>	<b>\$91,545.87</b>

***Handling Facilities***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>	<b><i>Funds</i></b>
A2004-0108	Carroll County Agriculture Development Fund	Carroll	\$49,054.52
A2004-0074	Green River Area Beef Improvement Group, Inc.	Daviess	\$36,040.00
A2004-0135	Franklin County Cattlemen's Association	Franklin	\$12,500.00
A2004-0164	Garrard County Farm Bureau	Garrard	\$65,000.00
A2004-0094	Henry County Cattleman's Association	Henry	\$48,846.00
A2004-0152	Larue County Beef Cattle Association	Larue	\$60,000.00
A2004-0113	Laurel County Cattleman's Association	Laurel	\$102,000.00
A2004-0038	Lincoln County Livestock Improvement Association	Lincoln	\$80,000.00
A2004-0063	Madison County Beef Cattle Association	Madison	\$58,280.00
A2004-0068	Metcalf County Cattlemen's Association, Inc.	Metcalf	\$45,000.00
A2004-0128	Oldham County Farm Bureau Federation	Oldham	\$8,167.00
A2004-0131	Owen County Farm Bureau	Owen	\$83,425.00
A2004-0103	Pendleton County Farm Bureau	Pendleton	\$50,000.00
A2004-0076	Rowan County Fiscal Court	Rowan	\$10,000.00
A2004-0118	Trimble County Cattlemen's Association	Trimble	\$40,000.00
		<b>Sub Total</b>	<b>\$748,312.52</b>



**Hay, Straw and Commodity Storage**

<b>App #</b>	<b>Project Name</b>	<b>County</b>	<b>Funds</b>
A2004-0147	Anderson County Farm Bureau	Anderson	\$15,113.00
A2004-0090	Breathitt County Conservation District	Breathitt	\$26,250.00
A2004-0071	Carroll County Agricultural Development Fund, Inc.	Carroll	\$68,147.00
A2004-0111	Carroll County Agriculture Development Fund	Carroll	\$29,621.22
A2004-0003	Kentucky Ketch, Inc.	Clay	\$135,000.00
A2004-0133	Franklin County Cattlemen's Association	Franklin	\$25,000.00
A2004-0163	Garrard County Farm Bureau	Garrard	\$95,000.00
A2004-0096	Henry County Cattleman's Association	Henry	\$43,426.00
A2004-0151	Larue County Farm Bureau	Larue	\$71,000.00
A2004-0114	Laurel County Cattleman's Association	Laurel	\$50,000.00
A2004-0039	LCCA	Lincoln	\$50,000.00
A2004-0062	Madison County Farm Bureau Federation	Madison	\$93,620.00
A2004-0127	Oldham County Farm Bureau Federation	Oldham	\$12,251.00
A2004-0102	Pendleton County Farm Bureau	Pendleton	\$200,000.00
A2004-0120	Trimble County Cattlemen's Association	Trimble	\$62,000.00
		<b>Sub Total</b>	<b>\$976,428.22</b>

***On-farm Water Enhancement***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>	<b><i>Funds</i></b>
A2004-0109	Carroll County Agriculture Development Fund	Carroll	\$22,000.00
A2004-0064	Madison County Conservation District	Madison	\$33,201.00
A2004-0117	Trimble County Cattlemen's Association	Trimble	\$11,080.00
		<b>Sub Total</b>	<b>\$66,281.00</b>